Judge:	Marc L. Barreca
Chapter:	Chapter 7
Hearing Date:	March 2, 2012
Hearing Time:	9:30 a.m.
Hearing Site:	700 Stewart St., #7106 Seattle, WA 98101
Reply Date:	February 24, 2012

UNITED STATES BANKRUPTCY COURT FOR THE
WESTERN DISTRICT OF WASHINGTON AT SEATTLE

In re: ADAM GROSSMAN, Debtors.	Case No. 10-19817 TRUSTEE'S REPLY TO TSAI LAW COMPANY'S RESPONSE TO TRUSTEE'S MOTION FOR ORDER COMPELLING COMPLIANCE WITH COURT ORDER OR ALTERNATIVELY COMPELLING THE TSAI LAW COMPANY AND EMILY TSAI TO TURNOVER PROPERTY OF THE ESTATE

Ronald G. Brown, the Chapter 7 Trustee, replies to the Tsai Law Company's Response to the Trustee's Motion for Order Compelling Compliance with Court Order or Alternatively Compelling the Tsai Law Company and Emily Tsai to Turnover Property of the Estate ("Tsai Response") as set forth below.

The simple fact is there has never been an order entered that allowed the Tsai Law Company to pay itself fees. Despite this fact, it did so. Now, when asked to return the funds it took inappropriately, it comes up with numerous justifications for this clear breach of the Bankruptcy Code.

The first justification is that the Court denied the disgorgement request and therefore the Tsai Law Company was authorized to take the retainer funds that were the subject of the disgorgement motion and pay it to itself. This allegation is not supported by the Order Denying Disgorgement which merely stated that the disgorgement request was denied (docket #63). The order did not approve any fees, nor authorize payment of any fees, nor disbursal of any retainer funds. The order merely stated the disgorgement motion was denied. Entered on the

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same day was the Order Granting Application to Employ Special Counsel Nunc Pro Tunc, (docket #62) which specifically stated that all fees were subject to approval by the Court. Nonetheless a few days after the Order Granting Application to Employ Special Counsel Nunc Pro Tunc, was entered the Tsai Law Group disbursed the retainer funds to themselves despite the fact no order was entered authorizing such disbursal.

For its second justification the Tsai Law Company argues that since it paid $29,500.00 back already it should get to keep the other $27,500.00 it paid itself, in violation of the Order Granting Application to Employ Special Counsel Nunc Pro Tunc. The Tsai Law Company states "absent any new evidence concerning the $27,500, the turnover motion should be denied as an improper collateral attack on the prior order on filed appointing counsel, denying disgorgement and approving fees and costs." Glaringly omitted from the list of orders that are allegedly being collaterally attacked by the Trustee's Motion is an order authorizing any disbursement to the Tsai Law Company, namely because no such order has ever been entered. This Court has never authorized payment of any fees to the Tsai Law Company.

What is not disputed is that the Tsai Law Company paid itself $27,500.00 without an order authorizing it to do so. The Court must order the Tsai Law Company to pay to the Trustee the $27,500.00 of funds it paid to itself.

DATED this 28th day of February, 2012.

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__/s/ Denice E. Moewes__
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